



Washington

Kansas

February 15, 2011

President Barack Obama The White House 1600 Pennsylvania Avenue, NW Washington, DC 20500

Dear Mr. President:

The United States Air Force is nearing a decision on the replacement of its fleet of aerial refueling tankers. This will be among the largest single defense contracts ever signed. The stakes are very high and we urge you to work with the Department of Defense to ensure that the competition for this contract is conducted in a fair way that respects principles of international trade that your administration has embraced.

One of the two bids is from the Boeing Company, which is offering a tanker based on the Boeing 767 airframe. While the KC-767 will be built in Washington State and outfitted as a tanker in Kansas, Boeing will be using parts and supplies from 38 other states. Given the national scope of the contract, more than 50,000 of America's aerospace workers will contribute to the success of the KC-767. We believe this tanker will best meet the Air Force's requirements and prove the best value for the American taxpayer.

The other bid is from the European Aeronautic, Defense and Space Company (EADS), which is proposing a tanker based on the Airbus A330 airframe. This tanker will be built in Europe with a small portion of the outfitting work done in the United States. The EADS KC-45 will be a much larger plane with higher operating and life cycle costs for the Air Force.

We have no doubt that the Air Force is conducting a thorough analysis of the two proposals based on their technical merits and price. The Air Force has, however, continued to refuse to consider in its evaluation the impact of government subsidies, deemed illegal by the World Trade Organization (WTO), on the price of the EADS/Airbus tanker. When the WTO released its findings that Airbus has enjoyed a high level of subsidy that is inconsistent with international trade law, your administration applauded the ruling, saying that it confirms the damage Airbus has done to the U.S. aerospace industry and its workers. It is time to put some teeth behind that ruling.

We urge you to instruct the Department of Defense and the Air Force to factor into the tanker evaluation process the illegal subsidies that unfairly lower the price of every airframe that Airbus sells. The U.S. aerospace industry is the finest in the world and is not afraid of competition. But

competition must take place on a level playing field, and right now, the field is tilted in favor of EADS/Airbus.

Thank you for your attention to this important issue.

Sincerely,

Governor Christine O. Gregoire

State of Washington

Co-Chair, U.S. Tanker 2011 Coalition

Governor Sam Brownback

State of Kansas

Co-Chair, U.S. Tanker 2011 Coalition